

An Open At On the First Am

The CIA and a Congressional committee are trying to stop the publication of *unclassified* information—and to hell with the Constitution

By Chuck Fager

Ellen Ray feels that one way to help stop ongoing CIA abuses is to blow its agents' cover; so along with Louis Wolf and Bill Schaap, she edits *Covert Action Information Bulletin*, which among other features regularly publishes the names and locations of covert CIA agents.

Congressman Ed Boland thinks that *Covert Action's* "Naming Names" column is an intolerable outrage; so as Chairman of the House Permanent Select Committee on Intelligence, he is sponsoring a bill, the Intelligence Identities Protection Act, HR4, which is intended to put Schaap, Wolf and Ray out of the naming of names business, or failing that, behind bars.

Boland isn't kidding, either. He intends to stop *Covert Action*, even if it means knocking a hole in the First Amendment.

Which is exactly what it does mean.

Edward Patrick Boland, Sr., is an archetypal congressional insider. Secure in his solidly Democratic Springfield, Massachusetts, district, he has maintained so low a profile in the House during his nearly three decades of service as to be all but invisible. He makes few speeches, rarely deals with the press (it was only able to interview him by mail, submitting written questions to which he sent written replies), and has no famous programs or statutes named after him. Even so, he is a figure of considerable stature in the House.

Apparently staked his career on two basic political maxims: First, Stick With the Leadership; and Second, Follow the Money.

The leader in this case is House Speaker Tip O'Neill, his close friend since both served in the Massachusetts legislature nearly 50 years ago. He has followed the money from where it counts—the House Appropriations Committee, on which he has risen to the number two Democratic spot, ready to assume formal command when Chairman Jamie Whitten of Mississippi falters or steps aside (unless the Republicans capture the House next year). For that matter, the money has also followed him, as it has a way of doing with influential members: last year, for instance, he raised almost \$45,000 in contributions for a campaign in which he was essentially unopposed.

Tracking Boland in the *Congressional Record* index shows him rarely indulging in that packaged political bombast with which its issues are fattened; rather, he turns up most often where a key insider should, as an appointee to crucial conference committees with the Senate, where, away from the limelight, so much of Congress's real work actually gets done.

Such appointments are a measure of the esteem and confidence of the leadership. And so was Boland's selection as Chairman of the new Permanent Select Committee on Intelligence in 1977. The Committee was created in the wake of the CIA scandals of the mid-1970s, when a long string of exposures of illegal and counterproductive intelligence operations had rocked the CIA. The post demanded someone who was smart, loyal and unspectacular; it made perfect

Boland took the job professing high regard for the committee's role as a watchdog over the CIA. "This committee was created to insure effective congressional oversight of intelligence activities," he announced at its first oversight hearing. "It will not become the unquestioning ratifier of all that the intelligence community proposes." He was careful, however, to add that the committee's "duty to insure a strong and dedicated intelligence service is just as strong as its obligation to prevent abuse."

This rhetorical balance between oversight and support of the CIA has been a frequently repeated motif in Boland's statements over the past four years. But the committee's record does not show a similar balance. Instead, the thrust of its hearings and publications, especially in the past two years, suggests that the Agency, bouncing back from the scandals of Watergate and its aftermath, has turned it into a congressional showplace for its interests. Recent hearings retailed the intelligence community's complaints about the Freedom of Information and Privacy Acts; hardline analyses of Russian intentions, strategic forces and military spending; calls for more electronic bugging, and demands to stop espionage "leaks."

By last year, in fact, the committee had become the staging area for counterattacks against the CIA's critics and the restrictions they had managed to place on it.

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ON PAGE A-4.

WASHINGTON STAR (GREEN LINE)
15 July 1981

Professionals at CIA Greet New

Critics Charged Hugel Lacked Experience

By Henry S. Bradsher
Washington Star Staff Writer

Both present and former CIA officials said yesterday that the departure of political appointee Max Hugel as the agency's chief spymaster and his replacement by a career professional would bring what one of them called "a considerable sense of relief" to most agency career operatives.

Both in the agency headquarters in McLean and among congressional overseers, there had been doubts about Hugel because of his lack of experience in the spying business. But there had also been defenders of the idea that a fresh outsider was needed by the CIA to run its ingrown clandestine operations.

The defenders were not so vocal yesterday as the critics of Hugel, a 56-year-old millionaire New Hampshire businessman.

Hugel, under fire because of accusations of improper stock dealings in the past, announced his resignation yesterday, and was replaced by John Henry Stein.

Stein, a 48-year-old Yale graduate who had served in numerous CIA assignments abroad and been a deputy spymaster for the last four years, went to Capitol Hill as soon as his promotion was announced. He met with some of the members who oversee the intelligence community.

Hugel got his CIA job through service in Ronald Reagan's presidential campaign last year, during which he served as an aide to the campaign director, William J. Casey. When Casey became CIA director at the beginning of the Reagan administration, he took Hugel along, still as a personal aide, and several months later made him deputy CIA director for operations - referred to inside the agency as DDO.

The appointment outraged many career men. With few exceptions, the agency's spymaster had always been a career man who had grown up

within its ranks, had taken the risks of their dangerous trade, personally knew many of the hundreds of agents he would direct, and understood what risks had to be asked of them.

Hugel was seen as an amateur. This attitude quickly communicated itself to other intelligence agencies with which the CIA works closely.

One former CIA senior official reported that some foreign agencies had "found him uncultivated and naive about the intelligence business, and they wouldn't trust him with any information."

Casey trusted him and defended him against criticism, however, until the stock manipulation charges arose.

Casey wanted familiar persons with whom he felt comfortable to help him deal with the large new bureaucracy he had taken over. He was known to feel that Hugel's lack of experience was less important than his administrative ability, and that Hugel's two deputies could supply the expertise needed for agency operations.

Stein and Clair E. George, 50, another professional with extensive foreign service, were the deputies, with Stein as the senior man in the job.

This team was supervising a rebuilding of the CIA's clandestine services. Casey's predecessor as director, retired Adm. Stansfield Turner, had completed a process that began before him of retiring large numbers of older spies and secret operatives - to the accompaniment of strong complaints from within the agency that its muscle was being cut, rather than fat. The recruiting and training of new agents was under way.

President Reagan reportedly had given his personal friend, Casey, the green light to enhance the CIA's clandestine capabilities as part of a buildup of U.S. strength for worldwide competition with the Soviet Union.

sense of relief.

One former official said that "everyone was trying to make the thing work" with Hugel as DDO, "but no one was happy about it."

Another retired CIA man who has stayed in touch with agency developments offered a somewhat different opinion, however. He said that, "on the whole, he [Hugel] was very well-accepted. Those who were unhappy were those who had vied for the job themselves," including Stein before Hugel was appointed.

One close observer of the CIA said it could do the agency a lot of good to have someone with a broad background in foreign business, such as Hugel has, but "is not owing anyone anything" within the close brotherhood of CIA professionals.

Stein served four years as an army lieutenant stationed in the United States after graduating from Yale in 1955. Then he began an overseas career with the CIA that included assignments in Brussels, Belgium; Kinshasa, Zaire; Yaounde, Cameroon; and Phnom Penh, Cambodia.

Officially identified as a consular officer, Stein arrived in the newly opened American embassy in Phnom Penh the month after Prince Norodom Sihanouk was ousted from power in March 1970 and replaced by the American-supported Lon Nol government. He served there for several years.

A former CIA director, William E. Colby, said yesterday that "Stein is a very good man... He's a general operations officer with a good background. He's a very effective fellow."

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ON PAGE A-18

NEW YORK TIMES
15 JULY 1981

Ex-C.I.A. Deputy Is Viewed As Lacking Professionalism

By ROBERT PEAR
Special to The New York Times

WASHINGTON, July 14 — Before his resignation today, Max C. Hugel was in charge of the largest directorate in the Central Intelligence Agency, the branch responsible for covert action and clandestine counterintelligence overseas.

Mr. Hugel did not fit the mold for that job in two respects: He had not had a career in professional intelligence work; instead, he had been a businessman in New Hampshire and worked on the Reagan campaign staff in last year's Presidential election. And, unlike most of his predecessors, he did not come from an Ivy League-style "gentlemen's club" background.

Mr. Hugel's title was Deputy Director for Operations. Before March 1973, the job bore the title of Deputy Director for plans. William E. Colby, who held the position in 1973 before he became Director of Central Intelligence, said in an interview today that he had asked James R. Schlesinger, then Director of Central Intelligence, to change the name because "plans" was a euphemism for what that part of the agency really did.

Besides Mr. Colby, two other men who had previously been in charge of the directorate for plans, or operations, were promoted from within the agency to Directors of Central Intelligence. They were Allen W. Dulles and Richard Helms. Mr. Dulles and Mr. Colby were graduates of Princeton, and Mr. Helms was a graduate of Williams College, an old liberal arts college in northwestern Massachusetts.

'The Heart of the Agency'

"It would be very unusual to have a nonprofessional, a businessman, an ordinary civilian running the directorate for operations," said Thomas Powers,

author of a recent biography of Mr. Helms. "That's certainly never happened before. That's one position where you want a professional. That's where the heart of the agency always was, and that's the office in which Presidents were always most interested."

Presidents took an interest in the office because its covert agents could, at the President's behest, foment unrest in foreign countries. In addition, the Deputy Director for Operations supervised the recruitment of spies overseas, collecting minutely detailed information about low-level clerks in Soviet embassies abroad.

The Deputy Director also had authority over counterintelligence operations designed to learn about Soviet activities in general, and supervised all forms of psychological warfare conducted and information disseminated by the agency overseas.

Officials in the Reagan Administration said that William J. Casey, the Director of Central Intelligence, had recruited Mr. Hugel because Mr. Casey thought his rough-and-turnle style was exactly what was needed to rebuild the clandestine service. Some agency officials had become extremely cautious about conducting covert operations after years of Congressional investigations exposing unsuccessful and aborted projects, including plans to assassinate foreign leaders.

which forced him to resign.

All of Mr. Hugel's predecessors had experience in intelligence work before they took charge of clandestine operations. Those who have held the position since Mr. Dulles are Frank G. Wisner, from 1952 to 1958; Richard M. Bissell Jr., 1958 to 1962; Mr. Helms, 1962 to 1965; Desmond FitzGerald, 1965 to 1967; Thomas Karamessines, 1967 to 1973; Mr. Colby, 1973; William E. Neison, 1973 to 1976; William Wells, 1976-77, and John McMann, 1977 to 1980.

6 July 1981

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WASHINGTON, JULY 6, REUTER -- TWO FORMER DIRECTORS OF THE CENTRAL INTELLIGENCE AGENCY (CIA) CALLED TODAY FOR AN INCREASE IN ITS COVERT OPERATIONS.

WILLIAM COLBY, CIA DIRECTOR UNDER PRESIDENTS NIXON AND FORD, SAID: "I CERTAINLY THINK WE NEED A MAJOR MOVE BACK TO THE COVERT ACTIVITY WHICH DECLINED VERY SUBSTANTIALLY OVER THE PAST FEW YEARS.

"SOMETHING LIKE FIVE PER CENT OR LESS OF OUR BUDGET WAS DEVOTED TO COVERT INFLUENCE ABROAD (IN RECENT YEARS) AND IN THE WORLD AROUND US NOW I THINK WE OUGHT TO HAVE MORE THAN THAT," HE SAID ON ABC TELEVISION'S "GOOD MORNING AMERICA" SHOW.

ADMIRAL STANSFIELD TURNER, CIA DIRECTOR UNDER PRESIDENT CARTER, SAID ON THE SAME PROGRAM FROM WASHINGTON THAT AFTER SOME YEARS OF DECLINE, COVERT ACTION WAS "BROUGHT BACK TO A SOUND FOOTING UNDER PRESIDENT CARTER."

HE NOTED THAT THE MORE AGGRESSIVE THE COUNTRY'S FOREIGN POLICY, "THE MORE LIKELY YOU ARE TO USE COVERT ACTION AS A SUPPLEMENT TO DIPLOMACY AND AS A SUBSTITUTE FOR MILITARY FORCE."

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ASKED WHETHER HELPING TO OVERTHROW A GOVERNMENT WAS A "LEGITIMATE FUNCTION" OF THE CIA, MR COLBY REPLIED: "CERTAINLY, IF THAT IS DECIDED BY OUR GOVERNMENT."

HE ADDED: "IF OUR GOVERNMENT DECIDES IT'S IMPORTANT TO HELP SOME OF OUR FRIENDS, IN ANOTHER COUNTRY, TO DEVELOP AN ALTERNATIVE BETWEEN A RUTHLESS DICTATOR WE DON'T LIKE AND A TERRORIST THAT DOESN'T LIKE US, THEN CERTAINLY IT IS AN APPROPRIATE ACTION FOR THE CIA TO HELP THAT ALTERNATIVE OF A SENSIBLE, MODERATE, RESPONSIBLE GOVERNMENT GROW."

STATINTL

BOTH MR COLBY AND ADMIRAL TURNER SAID ASSASSINATION WAS NOT AN ACCEPTABLE METHOD OF CHANGING GOVERNMENTS; NOTING IT HAD BEEN REJECTED BY DIRECT ORDER OF U.S. PRESIDENTS.

MR COLBY DEFENDED CIA ACTIONS IN 1953 WHEN; HE SAID; IT ASSISTED THE SHAH TO RETURN TO IRAN."

HE SAID: "I THINK FOR 25 YEARS WE HAD AN IRAN THAT WAS COOPERATIVE WITH US; THAT PRODUCED OIL THAT WAS IMPORTANT TO OUR GROWTH; AND I THINK THE IRANIAN PEOPLE WERE A LOT BETTER OFF UNDER THE SHAH THAN THEY ARE UNDER THE PRESENT ANARCHY."

SO; MR COLBY ADDED: "I DON'T HAVE ANY APOLOGIES FOR THE 1953 ACTION."

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FOR PUBLIC AFFAIRS STAFF

PROGRAM Good Morning America

STATION WJLA TV
ABC Network

DATE July 6, 1981 7:15 AM CITY Washington, DC

SUBJECT Interview with Colby and Turner

DAVID HARTMAN: President Reagan is making some major changes at the CIA. It looks like the agency is going to get more money, and also some more manpower. There have also been some reports that the CIA is expanding its covert and para-military, they're called, operations abroad.

Admiral Stansfield Turner was Director of the CIA under President Carter; William Colby was Director of the CIA under Presidents Nixon and Ford. And they are both here with us this morning in Washington with Steve Bell.

Gentlemen, morning, welcome back.

Admiral Turner, having completed your tour, as it were, at the CIA in January, as you look back now with a little more perspective perhaps on the agency, is there anything right now you consider to be an area or areas that require improvement or change at the CIA?

ADMIRAL STANSFIELD TURNER: David, I think the most important thing is to tighten up on our secrecy, stop some of these leaks, stop people like Philip Agee from disclosing the names and identities of our people.

I think the next thing is to continue to warrant and have the support of the American public that we've regained in the last several years.

HARTMAN: Mr. Colby, you were the head of the CIA when it was being, what, badgered, if you will. A lot of restrictions, attacks, morale slippage apparently during that period when you were there, budget cutting. How would you characterize the CIA

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right now and their ability to function well?

WILLIAM COLBY: Well, I think that the CIA is benefitting from the fact that the nation as a whole is sobering up after a long binge of irresponsible actions about our intelligence services. And I think as a result the CIA can now go back to work.

It suffered for a time when it was wrongly accused of massive domestic activity, of assassinations everywhere abroad, and so forth. And now that the record has become clear and obvious that those were gross exaggerations, the people have now regained their confidence in the CIA and it can go back to work and do its job.

STEVE BELL: Admiral, you talked about the need to tighten up on secrecy. Are you talking about major changes in the Freedom of Information Act?

ADMIRAL TURNER: Not a major change. I think a change in the rules for the Central Intelligence Agency are necessary, Steve. You see, at this point you cannot assure a foreign person who wants to help the CIA that his name will never be released under the Freedom of Information Act. That's very chilling to...

BELL: But that wouldn't really stop an Agee, would it?

ADMIRAL TURNER: No, that wouldn't. There's another piece of legislation the Congress has been considering for over a year now which would stop Mr. Agee. And I really hope this Congress will get to that piece of legislation.

HARTMAN: Gentlemen, when you're talking about secrecy, are you including oversight in that? In other words, we're beginning to hear now that there may be less congressional oversight, public awareness of all the details or many of the details of the CIA's function. Are we going to see a change in that now? Gentlemen, either one of you.

Admiral, go ahead.

ADMIRAL TURNER: I don't think we will or should. The dilemma of American intelligence, David, is that you must have secrecy on the one hand if you're going to be effective. But equally our democratic society is built on the concept that the American public will be well informed, informed about what its government is doing. And therefore, you must keep the American public informed. If you don't, you become isolated in the intelligence world and you get tempted into some of the kinds of excesses that did occur in the past. and we want to be sure to avoid in the future.

HARTMAN: Mr. Colby, let's go ahead. You talked about

the exaggeration that took place -- the Reagan Administration seems to favor a major move back toward covert operation by the CIA. Do you think this is wise?

COLBY: Oh, I certainly think that we need a major move backwards. The covert activity declined very substantially over the past years. I think something like five percent or less in the budget was devoted to our covert influence abroad. And I think in the world around us now we ought to have somewhat more of that these days. And I think that that's perfectly compatible with adequate oversight.

We're in a different world now. There are public sets of rules. There are two committees, thank heaven no longer eight committees, that are responsible for supervising CIA. And I think that doing covert work by the nation, controlled under the constitutional system is important to the safety of this country.

BELL: What are the limits? You know, Chile in the '70s, Iran back in the '50s. We literally overthrew a legally constituted government.

COLBY: Well, that's not quite true. We assisted the Shah to return to Iran. He led the effort at that time and some of the people....

BELL: We were directly involved.

COLBY: Oh, of course we were. And I think for 25 years we had an Iran that was cooperative with us, produced oil that was important to our growth. And I think the Iranian people were a lot better off under the Shah than they are under the present anarchy.

I don't have any apologies to 1953 action at all. I think it was a very good action.

HARTMAN: Admiral, do we have to increase our covert operations abroad?

ADMIRAL TURNER: I think we should continue to build them, David. Four or five years ago covert action was almost zero in this country. In the last years of the Carter Administration we brought it back to a sound footing and a very good level of activity.

Covert action must fit with your foreign policy. It depends on how aggressive the foreign policy of the country becomes. The more aggressive, the more you're likely to want to use covert action as a supplement to diplomacy and a substitute for use of military force.

HARTMAN: Does helping -- is helping overthrow a govern-

ment a legitimate function of the CIA, gentlemen? Mr. Colby?

COLBY: Certainly, if that's decided by our government. If our government decides to overthrow another country militarily, it goes through the congressional review process and we go ahead and do it. If our government decides that it's important to help some of our friends in another country develop an alternative between a ruthless dictator that we don't like, and a terrorist that doesn't like us, then certainly it is an appropriate action for the CIA to help that alternative, sensible, moderate, responsible government grow.

BELL: Assassination?

COLBY: No. That's rejected by presidential order at this time. And I've rejected it in the past and Admiral Turner's rejected it, and Dick Helms rejected it.

BELL: Admiral, how do you put limits on where you go?

ADMIRAL TURNER: You put limits through the process that Mr. Colby just described. Today you have through a White House clearance process to undertake a covert action. After you get the President's signature, then you must inform two committees of the Congress what you're doing. I think that serves as a check and balance on any belief that the CIA might run off and just do these things on its own. In short, the Secretary of State, the Secretary of Defense, the President, are all aware and involved. And it has to be in conformance with the overall national policy of the country.

COLBY: And they are responsible under the present management also.

There was a theory in the past that you had to protect the President from being responsible for covert action. That theory really couldn't stand up against our constitutional system, and it hasn't. And I'm glad to see it gone.

HARTMAN: Gentlemen, we have just a couple of seconds left. Admiral Turner, did the CIA blow it where the Shah was concerned in not knowing that the Shah was going to come down as fast as he did?

ADMIRAL TURNER: No, I don't think the CIA blew it, David. We were keeping the President informed the Shah was in a lot of problems, but none of us anticipated that he would not at the last minute use his considerable military and police forces to hold his position.

HARTMAN: Mr. Colby, in ten seconds, you want to add a comment to that, or can you?

COLBY: Well, I think that that area presents the greatest challenge for the future. How do we analyze the improbable and present the improbable chance to our leaders better, and to our public.

HARTMAN: Thank you, Mr. Colby. And we'll take that question up again soon. Thank you, Admiral.

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ON PAGE 22

THE VILLAGE VOICE
July 1-7 1981

The CIA, Australia, and Story of the Nugan Hand

By Alexander Cockburn & James Ridgeway

SYDNEY, AUSTRALIA—The body slumped in the Mercedes was that of a once startlingly good looking man. In the pocket-size copy of the New Testament found on his body there was this inscription on the title page: "I place this day, my life, my work, my loved ones, in the Lord's hands. He is so good it will be a good day."

"I believe, I believe this will be a glorious magical miraculous day. He is with me now. Jesus walks. He is with me now. Visualize 100,000 customers worldwide. Prayerise, actualise. God is our partner in GNH & Co."

The initials at the end of the inscription stood for God, Nugan Hand and Co.

Australia shares with such countries as Iran, Guatemala, and Indonesia the distinction of containing a substantial number of people who believe that one of their country's governments was overthrown with the assistance of the CIA. The government in question was that of Gough Whitlam, Labor Party prime minister, who was propelled into ultimate political ruin in 1975. The circumstances of his government's eviction are still highly relevant to Australian political life today.

In October 1975 Sir John Kerr, the governor general representing Queen Elizabeth II, went far beyond his normal, supposedly neutral tasks of protocol and resolved a parliamentary deadlock by dismissing the Whitlam government.

The real crisis provoked by Whitlam, who headed the first Labor Government in 35 years, was symbolized in the policies of his energy minister Rex Connor, who had proposed a plan to regain the mineral wealth which Australian governments had, over the years, been selling off to American and Japanese international corporations. In the words of Australia's great historian Manning Clark, "Connor was a man with a vision of the greatness of Australia and Australians when they would be liberated from the moral imperialism of the West—when they would have ceased to be the victims of the economic imperialism of the

Compounding the deep alarm aroused by Connor's plans was the fear of the CIA and the American and Australian defense establishments that Whitlam's government was taking a dangerously intransigent attitude to the U.S. military and intelligence presence in the country.

Within a year of Whitlam's ouster and the restoration of the Liberal (i.e., conservative) government of the present prime minister, Malcolm Fraser, speculation about CIA complicity was part of international journalistic currency. But at that time details were in short supply.

The picture has now filled out, principally through revelations accompanying the downfall of the Nugan Hand bank and the mysterious death by shooting of Frank Nugan, one of the principals.

The Nugan Hand Bank

The story involves two people: the first is Michael Hand, an American former Green Beret and, during the '60s, an employee of Air America. Air America was the CIA airline which played an important role in running heroin out of Southeast Asia, part of the overall mercenary program during the Vietnam war. Hand came to Australia in the late 1960s where he met up with Frank Nugan, an Australian. They soon embarked on some business deals—a tourist resort on the Great Barrier Reef and speculation in various land metals properties.

Profits from these ventures led to the creation of the Nugan Hand bank in 1973.

This bank recorded an astounding growth. In its first year capital stood at \$1 million. Four years later the bank showed a turnover of \$1 billion. As it grew in size the bank became identified with various individuals who had either been in or around U.S. intelligence operations during the Vietnam period.

In addition to the bank itself there were at least 17 other companies in which Nugan Hand had a direct interest. Numerous directors of these operations came out of Air America. The Nugan Hand repre-

of Hamilton Jordan. Nugan later tried to hire Golden as a contact to General Omar Torrijos of Panama.

The Nugan Hand bank was at one point reported to have been involved in a scheme to convince President Jimmy Carter to resettle Meo tribesmen (the hill tribesmen who fought as CIA mercenaries) on a naval base on Grand Turk island in the Caribbean. The deal was to be arranged at a price by the Cayman Island branch of the Nugan Hand bank. This deal was still pending when Nugan died and the bank collapsed in 1979.

The Meo deal is representative of the sort of operations promoted by Nugan Hand. Subsequent investigations here in Australia suggest that the bank was deeply involved in the drug trade, had dealings with President and Mrs. Marcos of the Philippines, laundered money for former president Suharto of Indonesia, assisted the Pahlavi family in shifting the Shah's money out of Iran. It was also thought to be involved in international arms deals.

The bank also dabbled in local politics, attempting to frame Frank Walker, the attorney general of the state of New South Wales, a Labor Party member who had launched an attack on big business crime. The operation was simplicity itself and familiar to students of American political techniques during the Vietnam and Watergate eras. It was done through the expedient of setting up a Swiss bank account in Walker's name, unbeknownst